

**Minutes of the Meeting of the  
Air Transportation Stabilization Board  
July 22, 2005**

The meeting of the Air Transportation Stabilization Board ("Board") was held in the offices of the Board of Governors of the Federal Reserve System at 20<sup>th</sup> Street and Constitution Avenue, Washington, D.C., on Friday, July 22, 2005.

The following people were present at the meeting:

**Board**

Edward M. Gramlich, Chairman of the Board, and Governor, Federal Reserve Board  
Timothy Bitsberger, Voting Member of the Board, and Assistant Secretary for Financial Markets, Department of the Treasury  
Jeffrey N. Shane, Voting Member of the Board, and Under Secretary for Policy, Department of Transportation

**Board Staff**

Mark R. Dayton, Executive Director  
Jaydeep Borwankar, Financial Analyst  
Marguerite S. Owen, Legal Counsel  
Steven Sigfusson, Intern

**Federal Reserve Board**

Christopher W. Clubb, Senior Counsel

**Department of the Treasury**

Roger E. Kodat, Deputy Assistant Secretary for Government Financial Policy  
Brad S. Lerner, Attorney  
Lachlan Seward, Senior Advisor to the Fiscal Assistant Secretary  
Brookly McLaughlin, Public Affairs

**Department of Transportation**

Terence W. Carlson, Attorney, Office of General Counsel  
Regis Milan, Associate Director, Office of Aviation Analysis  
Nancy Kessler, Attorney, Office of General Counsel

**Department of Justice**

Brendan Collins, Trial Attorney, Civil Division  
Andrea Handel, Trial Attorney, Civil Division

**Curtis, Mallet-Prevost, Colt & Mosle LLP**

Dan Lenihan, Partner  
Steve Reisman, Partner (by phone)

**Lazard Freres & Co., LLC**

Harry Pinson, Managing Director

David Kurtz, Managing Director

Doug Fordyce, Director

Eric Mendelsohn, Director

Joe Miller, Associate

GAO did not attend this meeting.

Governor Gramlich called the meeting to order at 9:05 a.m.

The Board voted unanimously to adopt the minutes of the December 8, 2004, February 11, 2005, April 20, 2005 and April 22, 2005 Board meetings.

The Executive Director provided the Board with an overview of the proposal put forth by AmericaWest Airlines, Inc. ("AWA") to merge with US Airways, Inc ("US Airways"). Mr. Fordyce provided the Board with an update on the financial projections for the merged entity ("New Airways") including an update on the fuel and revenue projections embedded in its business plan.

The Executive Director briefed the Board on the expected timeline for closing the proposed merger and US Airways' emergence from bankruptcy. He briefed the Board on the benefits of the proposed transaction to the Board and provided additional detailed analysis with respect to the impact of any competitive response from other carriers on the prospects for New Airways. Curtis Mallet presented the revised terms for the ATSB guaranteed loans to New Airways and the impact on the Board's credit position with respect to the loans.

The Executive Director and Lazard presented an update on the collateral package supporting the ATSB guaranteed loans to New Airways and presented the executive compensation package being proposed by AWA.

The Board voted unanimously to grant the waivers that would facilitate the merger between AWA and US Airways. The Board reviewed and approved a press release and a letter to both AWA and US Airways informing them of the Board's decision.

The meeting was adjourned at 11:20 a.m.